

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ADP-00 CIAE-00 DODE-00 PM-09

H-02 INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-14 USIA-12 AID-20 COME-00 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 OEP-01

RSR-01 /172 W

----- 092370

R 191610 Z MAR 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 1168

INFO AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

USINT BAGHDAD

C O N F I D E N T I A L BEIRUT 3139

E. O. 11652: GDS

TAGS: ENRG, ETRN, LE, UK, IZ, FR, NL

SUBJECT: LEBANON TAKEOVER OF IPC: NO PROGRESS

REF: BEIRUT 3016

1. SUMMARY: IPC MANAGING DIRECTOR STOCKWELL INFORMED EMBASSY THAT FURTHER PROGRESS IN THIS DISPUTE MUST AWAIT RETURN THIS WEEK OF PREMIER SALAM, WHO TOURING ABROAD. STOCKWELL SAID IPC HOPES AVOID ARBITRATION. DESIRES NEGOTIATIONS PLUS EARLY AD HOC REFINERY OPERATING AGREEMENT. PLACES TOTAL POTENTIAL IPC CLAIMS AT \$52 MILLION. IPC CONTINUES OPERATE PIPELINE AND REFINERY NORMALLY. END SUMMARY.

2. IN COURTESY CALL ON AMBASSADOR, IPC MANAGING DIRECTOR STOCKWELL, WHO HERE SINCE MARCH 15, SAID THAT FURTHER MOVEMENT ON IPC LEBANON PROBLEM APPARENTLY MUST AWAIT RETURN THIS WEEK OF PRIME MINISTER SALAM, WHO IS VISITING
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NORTH AFRICA AND PARIS. STOCKWELL, WHO RETURNING LONDON MARCH 20, SAID IPC PERSONNEL STILL OPERATING FACILITIES MORE OR LESS NORMALLY, BUT THAT IN SALAM' S ABSENCE GOL UNABLE RESPOND IPC' S REQUEST FOR NEGOTIATIONS AND INTERIM OPERATING AGREEMENT COVERING REFINERY, WHICH HE SAID IPC NOW OPERATING AT LOSS ON GOL- PROVIDED KIRKUK CRUDE.

3. STOCKWELL SAID IPC CONSIDERS TAKEOVER WITHOUT COMPENSATION ILLEGAL BUT PREFERS NEGOTIATIONS TO ARBITRATION SINCE LATTER PROBABLY WOULD LAST TWO YEARS OR MORE. HE ADDED IPC OF COURSE PREPARED SELL CRUDE EXPORT FACILITIES (PIPELINE AND TERMINAL) TO GOL AND THAT ALL BUT ONE OF SHAREHOLDERS (EXCEPTION NOT IDENTIFIED) PROBABLY WOULD NOT MIND LETTING GOL KEEP REFINERY TOO, PROVIDED FULL COMPENSATION PAID. IN LATTER CASE " HOPE" IS THAT LOCAL MARKETING ARMS OF SHAREHOLDERS COULD WORK OUT NEW SUPPLY ARRANGEMENTS WITH GOL.

4. MOST PRESSING PROBLEM, STOCKWELL REMARKED, IS SOME SORT OF AD HOC OPERATING AGREEMENT TO PREVENT FURTHER IPC LOSSES IN REFINERY OPERATION. IF THERE NO GOL RESPONSE WITHIN 3-4 WEEKS, HE COMMENTED, IPC WOULD HAVE TO " START POUNDING THE TABLE", BUT HE WAS UNABLE FIX ANY SORT OF DEADLINE AFTER WHICH REFINERY MUST CLOSE.

5. STOCKWELL SAID GOL OILMIN HELOU SOMEWHAT SHOCKED IN LAST MEETING MARCH 17 WHEN IPC OUTLINED POTENTIAL CLAIMS OF \$5 MILLION FOR PIPELINE AND TERMINAL, \$35 MILLION FOR REFINERY, OR TOTAL OF \$40 MILLION FOR ASSETS, PLUS \$12 MILLION IN OUTSTANDING GOL DEBTS TO IPC, OR TOTAL CLAIMS OF \$52 MILLION. THIS EXCEEDS EMBASSY' S ESTIMATES OF \$36.5 MILLION FOR ASSETS AND GOL DEBTS OF \$7.8 MILLION REPORTED BEIRUT A-63 AND A-57,

EMBASSY NOT IN POSITION DISPUTE IPC FIGURES.

6. IPC LEBANON MANAGER CODRAI STATES IPC IS RECEIVING ITS COMPENSATION CRUDE NORMALLY. NOTED IRAQ HAS A FIVE- MAN TEAM AT TRIPOLI AND THAT THE SYRIANS ARE TAKING AN INTEREST IN OPERATIONS THERE AS WELL. ALSO CLAIMED THAT, IN LEBANON- IRAQ AGREEMENT, GOL HAD IN HASTE GRANTED IRAQ CERTAIN TECHNICAL RESPONSIBILITIES
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WHICH IN ALL LIKELIHOOD IT HAD SUBSEQUENTLY REGRETTEED.

BUFFUM

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